

<i>SERFF Tracking Number:</i>	<i>ARGN-125383144</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Argonaut-Midwest Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AR-FDP-F2-2007</i>		
<i>TOI:</i>	<i>05.0 Commercial Multi-Peril - Liability & Non- Liability</i>	<i>Sub-TOI:</i>	<i>05.0003 Commercial Package</i>
<i>Product Name:</i>	<i>Franchised Dealer Program</i>		
<i>Project Name/Number:</i>	<i>/</i>		

Filing at a Glance

Company: Argonaut-Midwest Insurance Company

Product Name: Franchised Dealer Program SERFF Tr Num: ARGN-125383144 State: Arkansas

TOI: 05.0 Commercial Multi-Peril - Liability & Non-Liability SERFF Status: Closed State Tr Num: EFT \$50

Sub-TOI: 05.0003 Commercial Package Co Tr Num: AR-FDP-F2-2007 State Status: Fees verified and received

Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
 Author: Maggie Welk Disposition Date: 12/14/2007
 Date Submitted: 12/12/2007 Disposition Status: Approved

Effective Date Requested (New): 03/15/2008 Effective Date (New): 03/15/2008
 Effective Date Requested (Renewal): 03/15/2008 Effective Date (Renewal): 03/15/2008

State Filing Description:

General Information

Project Name:	Status of Filing in Domicile: Pending
Project Number:	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:

Filing Status Changed: 12/14/2007

State Status Changed: 12/14/2007

Corresponding Filing Tracking Number:

Filing Description:

We are filing a revision to our existing Franchised Dealers Program. The forms submitted by this filing will be used in addition to the forms already filed and approved by your state.

Deemer Date:

SERFF Tracking Number:	ARGN-125383144	State:	Arkansas
Filing Company:	Argonaut-Midwest Insurance Company	State Tracking Number:	EFT \$50
Company Tracking Number:	AR-FDP-F2-2007		
TOI:	05.0 Commercial Multi-Peril - Liability & Non-Sub-TOI:		05.0003 Commercial Package Liability
Product Name:	Franchised Dealer Program		
Project Name/Number:	/		

Company and Contact

Filing Contact Information

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Filing Company Information

Argonaut-Midwest Insurance Company	CoCode: 19828	State of Domicile: Illinois
225 West Washington Street	Group Code: 457	Company Type: Property/Casualty
6th Floor		
Chicago, IL 60606	Group Name:	State ID Number:
(312) 201-7600 ext. [Phone]	FEIN Number: 36-2489372	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Argonaut-Midwest Insurance Company	\$50.00	12/12/2007	17076301

SERFF Tracking Number:	ARGN-125383144	State:	Arkansas
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	12/14/2007	12/14/2007

SERFF Tracking Number:	ARGN-125383144	State:	Arkansas
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Disposition

Disposition Date: 12/14/2007
Effective Date (New): 03/15/2008
Effective Date (Renewal): 03/15/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
	Filing Memorandum	Approved	Yes
Supporting Document	Side by Side Comparison	Approved	Yes
Form	Wind, Hail and Flood Exclusion	Approved	Yes
Form	Non-Stacking of Limits	Approved	Yes
Form	Equipment Breakdown Coverage	Approved	Yes

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Wind, Hail and Flood Exclusion	G1525B	1007	Endorsement/Amendment/Conditions	Replaced Form #:0.00 G1525-0706 Previous Filing #: AR-PC-07-024907		G1525B-1007-FINALIZED COPY.pdf
Approved	Non-Stacking of Limits	G1527B	1007	Endorsement/Amendment/Conditions	Replaced Form #:0.00 G1527-0507 Previous Filing #: AR-PC-07-024907		G1527B-1007 Non-Stacking of Limits-FINALIZED COPY.pdf
Approved	Equipment Breakdown Coverage	G1539	1107	Policy/Coverage Form	Replaced Form #:0.00 G1539-0507 Previous Filing #: AR-PC-07-024907		G1539-1107 Equip Breakdown Coverage-Final Copy.pdf

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WIND, HAIL AND FLOOD EXCLUSION

This endorsement modifies insurance provided under the following:

GARAGE COVERAGE FORM

The following is added to **SECTION III - GARAGEKEEPERS COVERAGE, B. Exclusions, and SECTION IV – PHYSICAL DAMAGE COVERAGE, B. Exclusions:**

We will not pay for “loss” caused by or resulting from the perils indicated below at the locations described in the Schedule:

- ☐ Windstorm, Hail and Flood
- ☐ Windstorm and Hail
- ☐ Windstorm
- ☐ Hail
- ☐ Flood

SCHEDULE

Locations Not Covered:

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-STACKING OF LIMITS

This endorsement modifies insurance provided under the following:

**GARAGE COVERAGE FORM
BUSINESS AUTO COVERAGE FORM**

The following is added to **SECTION V – GARAGE CONDITIONS** of the **GARAGE COVERAGE FORM**, and **SECTION IV – BUSINESS AUTO CONDITIONS** of the **BUSINESS AUTO COVERAGE FORM**:

Non-Stacking of Limits

If more than one Coverage Form or policy issued by us to any “Insured” should insure a loss, injury, accident, occurrence, negligent act error or omission, claim or suit, the most we will pay is the highest limit applicable. The limit under that Coverage Form or policy will be inclusive of the lower limit in the other Coverage Form(s) or policy(s), not in addition to them.

If more than one item of insurance in the same Coverage Form should insure a loss, injury, occurrence, claim or suit, the most we will pay is the highest limit applicable. The limit under that item will be inclusive of the lower limit, not in addition to it.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – BASIC FORM

- A. The following is added as an **Additional Coverage** to the **CAUSES OF LOSS – BASIC FORM**, **CAUSES OF LOSS – BROAD FORM**, or **CAUSES OF LOSS – SPECIAL FORM**.

Additional Coverage - Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of “accident.”
2. Unless otherwise shown in the Equipment Breakdown Schedule, the following coverages also apply to the direct result of an “accident.” These coverages do not provide additional amounts of insurance.
 - a. **Expediting Expenses**
With respect to your damaged Covered Property, we will pay up to \$25,000 unless otherwise shown in the Equipment Breakdown Schedule, the reasonable extra cost to:
 - (1) make temporary repairs; and
 - (2) expedite permanent repairs or permanent replacement.
 - b. **Hazardous Substances**
We will pay for the additional cost to repair or replace Covered Property because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property.
This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this **EQUIPMENT BREAKDOWN COVERAGE** had no “hazardous substance” been involved.
The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule.
 - c. **Spoilage**
 - (1) We will pay:
 - (a) for physical damage to “perishable goods” due to spoilage;
 - (b) for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the

amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident,” less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an “accident” to “computer equipment.”

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule. Computers used primarily to control or operate “covered equipment” are not subject to this limit.

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost “data.”

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in the Equipment Breakdown Schedule.

f. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an “accident” to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.

(2) Unless otherwise shown in the Equipment Breakdown Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident.”

(3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in the Equipment Breakdown Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

g. Business Income and Extra Expense

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Commercial Property Declarations for that coverage, unless otherwise shown in the Equipment Breakdown Schedule.

3. EXCLUSIONS

All exclusions in the **CAUSES OF LOSS** form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

a. The exclusions are modified as follows:

(1) If the **CAUSES OF LOSS – BASIC FORM** applies, the following is added to Exclusion **B. 2.**:

- g. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

But if an excluded cause of loss that is listed in 2.g.(1) through (5) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

(2) If the **CAUSES OF LOSS – BROAD FORM** applies, the following is added to Exclusion **B. 2.**:

- e. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

But if an excluded cause of loss that is listed in 2.e. (1) through (5) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

(3) If the **CAUSES OF LOSS – SPECIAL FORM** applies, as respects this endorsement only, the last paragraph of Exclusion **B. 2. d.** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

(4) If the **CAUSES OF LOSS – BASIC FORM** applies, Exclusion **B. 2. d.** is hereby deleted.

(5) If the **CAUSES OF LOSS – BROAD FORM** applies, Exclusion **B. 2. c.** is hereby deleted.

(6) If the **CAUSES OF LOSS – SPECIAL FORM** applies, Exclusion **B. 2. d. (6)** is hereby deleted.

b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:

(1) any defect, programming error, programming limitation, computer virus, malicious code, loss of “data”, loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind. But if an “accident” results, we will pay for the resulting loss, damage or expense; or

(2) any of the following tests:

a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.

c. With respect to Service Interruption coverage, we will also not pay for

an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in a. (3) in the definition of "accident"); smoke; aircraft or "vehicles"; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
- e. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident": Any mold, "fungus", mildew or yeast, including any spores or toxins produced by or emanating from such mold, "fungus", mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, "fungus", mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under Spoilage coverage.
- f. We will not pay under this endorsement for any loss or damage to animals.

B. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is modified as follows.

1. DEDUCTIBLE

The deductible in the Commercial Property Declarations applies unless a separate Equipment Breakdown deductible is shown in the Equipment Breakdown Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards **EQUIPMENT BREAKDOWN COVERAGE**, provision **D. DEDUCTIBLE** is deleted and replaced with the following:

- a. Deductibles for Each Coverage
 - (1) Unless the Equipment Breakdown Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
 - (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Equipment Breakdown Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
 - (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.
- b. Direct and Indirect Coverages
 - (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Equipment Breakdown Schedule.
 - (2) Unless more specifically indicated in the Equipment Breakdown Schedule:
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.
- c. Application of Deductibles
 - (1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Equipment Breakdown Schedule. We will then pay the amount of loss, damage or expense in excess of the

applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the Equipment Breakdown Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the period of restoration.

The number indicated in the Equipment Breakdown Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

The following conditions are in addition to the Conditions in the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** and the Common Policy Conditions.

a. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

- (1) your last known address; or
- (2) the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

- c. Environmental, Safety and Efficiency Improvements
If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.
However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.
- d. Coinsurance
If a coinsurance percentage is shown in the Equipment Breakdown Schedule for specified coverages, the following condition applies.
We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.
- e. Loss Payment
(1) In the event of loss or damage covered by this Coverage Form, at our option, we will either:
(a) Pay the value of lost or damaged property;
(b) Pay the cost of repairing or replacing the lost or damaged property, subject to 2. below;
(c) Take all or any part of the property at an agreed or appraised value; or
(d) Repair, rebuild or replace the property with other property of like kind and quality, subject to 2. below.
We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- (2) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (3) We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- (4) We will not pay you more than your financial interest in the Covered Property.
- (5) We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- (6) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- (7) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
(a) We have reached agreement with you on the amount of loss; or
(b) An appraisal award has been made.
- f. Overlapping Coverage

Unless indicated otherwise, the coverage provided by this endorsement supersedes any exclusions, limitations, or coverage provisions in the applicable **CAUSES OF LOSS** forms, **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** or endorsements that would otherwise cover a loss covered under this **EQUIPMENT BREAKDOWN COVERAGE** endorsement.

C. DEFINITIONS

The following definitions are added:

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - (1) mechanical breakdown, including rupture or bursting caused by centrifugal forces;
 - (2) artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (3) explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (4) loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (5) loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- b. "Boilers and vessels" means:
 - (1) Any boiler, including attached steam, condensate and feedwater piping; and
 - (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the Equipment Breakdown Schedule.
- c. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.
- d. "Covered equipment"
 - (1) "Covered equipment" means, unless otherwise specified in the Equipment Breakdown Schedule, Covered Property:
 - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
 - (2) None of the following is "covered equipment":
 - (a) structure, foundation, cabinet, compartment or air supported structure or building;
 - (b) insulating or refractory material;
 - (c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) "vehicle" or any equipment mounted on a "vehicle";
 - (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) dragline, excavation or construction equipment; or

- (h) equipment manufactured by you for sale.
- e. "Data" means information or instructions stored in digital code capable of being processed by machinery.
 - f. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
 - g. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
 - h. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
 - i. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
 - j. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
This term does not appear elsewhere in this endorsement, but may appear in the Equipment Breakdown Schedule.
 - k. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to a car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.
However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Commercial Property Declarations unless otherwise shown in the Equipment Breakdown Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

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	<i>Liability</i>		
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Rate Information

Rate data does NOT apply to filing.

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Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Approved	12/14/2007
Comments:				
Attachment:	industry_rates_PCtransDoc_intelligent.pdf			

Satisfied -Name:	Filing Memorandum	Review Status:	Approved	12/14/2007
Comments:				
Attachment:				
FILING MEMORANDUM-AMIC.pdf				

Satisfied -Name: Side by Side Comparison		Review Status: Approved		12/14/2007
Comments:				
Attachments:				
G1525B-1007- EDITED COPY.pdf				
G1527B-1007 Non-Stacking of Limits-EDITED COPY.pdf				
G1539-1107 Equip Breakdown Coverage.pdf				

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name					Group NAIC #
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #	

5. Company Tracking Number	
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
7. Signature of authorized filer				
8. Please print name of authorized filer				

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)				
10. Sub-Type of Insurance (Sub-TOI)				
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]				
12. Company Program Title (Marketing title)				
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
14. Effective Date(s) Requested	New:		Renewal:	
15. Reference Filing?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
16. Reference Organization (if applicable)				
17. Reference Organization # & Title				
18. Company's Date of Filing				
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	
21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]	

[illegible]

***Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #				
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

ARGONAUT-MIDWEST INSURANCE COMPANY
FRANCHISED DEALER PROGRAM
FILING MEMORANDUM

Argonaut-Midwest Insurance Company is filing a revision to our existing Franchised Dealers Program. The forms submitted by this filing will be used in addition to the forms already filed and approved by your state.

Indicated below are the forms submitted by this filing and a description of the change.

New Form #	Replaces Form #	Title	Description of Change
G1525B-1007	G1525-0706	Wind, Hail and Flood Exclusion	Revisions to this form include changes to the first sentence referencing the sections of the forms amended. Also "the perils indicated below" was added in the 2 nd sentence, and a check list for choices was added.
G1527B-1007	G1527-0507	Non-Stacking of Limits	Changes to this form include the addition of the first sentence referencing the sections of the forms amended. Also, the first sentence under Non-Stacking of Limits has been changed by the addition of "any Insured", "accident", and "negligent act error or omission".
G1539-1107	G1539-0507	Equipment Breakdown Coverage	All of the changes made to this form were editorial in nature. For example, definitions were moved to the end of form, and specific references were made throughout the form.

A side by side comparison of each form is included with deleted material showing a strikethrough and new material in red.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WIND, HAIL AND FLOOD EXCLUSION

This endorsement modifies insurance provided under the following:

GARAGE COVERAGE FORM

The following is added to ~~GARAGE COVERAGE FORM, SECTION III - GARAGEKEEPERS COVERAGE, B. Exclusions, paragraph 3.~~ and **SECTION IV – PHYSICAL DAMAGE COVERAGE, B. Exclusions, paragraph 6:**

We will not pay for “loss” caused by or resulting from **the perils indicated below** at the locations described in the Schedule:

- ☐ Windstorm, Hail and Flood
- ☐ Windstorm and Hail
- ☐ Windstorm
- ☐ Hail
- ☐ Flood

SCHEDULE

Locations Not Covered:

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-STACKING OF LIMITS

This endorsement modifies insurance provided under the following:

GARAGE COVERAGE FORM
BUSINESS AUTO COVERAGE FORM

The following is added to **SECTION V – GARAGE CONDITIONS** of the **GARAGE COVERAGE FORM**, and **SECTION IV – BUSINESS AUTO CONDITIONS** of the **BUSINESS AUTO COVERAGE FORM**:

Non-Stacking of Limits

If more than one Coverage Form or policy issued by us to any “Insured” should insure a loss, injury, accident, occurrence, negligent act error or omission, claim or suit, the most we will pay is the highest limit applicable. The limit under that Coverage Form or policy will be inclusive of the lower limit in the other Coverage Form(s) or policy(s), not in addition to them.

If more than one item of insurance in the same Coverage Form should insure a loss, injury, occurrence, claim or suit, the most we will pay is the highest limit applicable. The limit under that item will be inclusive of the lower limit, not in addition to it.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

~~COMMERCIAL PROPERTY COVERAGE PART~~
~~BUILDING AND PERSONAL PROPERTY COVERAGE FORM~~
~~CAUSES OF LOSS – SPECIAL FORM~~
~~CAUSES OF LOSS – BROAD FORM~~
~~CAUSES OF LOSS – BASIC FORM~~

- A. The following is added as an **Additional Coverage** to the **CAUSES OF LOSS – BASIC FORM**, **CAUSES OF LOSS – BROAD FORM**, or **CAUSES OF LOSS – SPECIAL FORM**.

Additional Coverage-- Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." ~~As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:~~
 - ~~a. mechanical breakdown, including rupture or bursting caused by centrifugal force;~~
 - ~~b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;~~
 - ~~c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;~~
 - ~~d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or~~
 - ~~e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.~~
2. Unless otherwise shown in a **the Equipment Breakdown** Schedule, the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.
 - a. **Expediting Expenses**

With respect to your damaged Covered Property, we will pay up to \$25,000 unless otherwise shown in a **the Equipment Breakdown** Schedule, the reasonable extra cost to:

 - (1) make temporary repairs; and
 - (2) expedite permanent repairs or permanent replacement.
 - b. **Hazardous Substances**

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this ~~Equipment Breakdown Coverage~~ **EQUIPMENT BREAKDOWN COVERAGE** had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a **the Equipment Breakdown** Schedule.

c. Spoilage

(1) We will pay:

- (a) for physical damage to “perishable goods” due to spoilage;
- (b) for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident,” less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in a **the Equipment Breakdown** Schedule.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an “accident” to “computer equipment.”

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a **the Equipment Breakdown** Schedule. Computers used primarily to control or operate “covered equipment” are not subject to this limit.

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost “data.”

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a **the Equipment Breakdown** Schedule.

f. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by an “accident” to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.

(2) Unless otherwise shown in a **the Equipment Breakdown** Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident.”

(3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in a **the Equipment Breakdown** Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

- g. Business Income and Extra Expense
Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the **Commercial Property** Declarations for that coverage, unless otherwise shown in a **the Equipment Breakdown** Schedule.

3. EXCLUSIONS

All exclusions in the ~~Causes of Loss~~ **CAUSES OF LOSS** form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

- a. The exclusions are modified as follows:

- (1) If the **CAUSES OF LOSS – BASIC FORM** ~~Causes of Loss – Basic Form or Causes of Loss – Broad Form~~ applies, the following is added to Exclusion **B. 2.:**

~~Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. But if an “accident” results, we will pay for the resulting loss, damage or expense.~~

- g. (1) Wear and tear;
(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
(3) Smog;
(4) Settling, cracking, shrinking or expansion;
(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

But if an excluded cause of loss that is listed in 2.g.(1) through (5) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

- (2) If the **CAUSES OF LOSS – BROAD FORM** applies, the following is added to Exclusion **B. 2.:**

- e. (1) Wear and tear;
(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
(3) Smog;
(4) Settling, cracking, shrinking or expansion;
(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

But if an excluded cause of loss that is listed in 2.e. (1) through (5) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

- ~~(2)~~(3) If the **CAUSES OF LOSS – SPECIAL FORM** ~~Causes of Loss – Special Form~~ applies, as respects this endorsement only, the last paragraph of Exclusion **B. 2. d.** is deleted and replaced with the following:
But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an “accident,” we will pay for the loss, damage or expense caused by that “accident.”

- (4) If the **CAUSES OF LOSS – BASIC FORM** applies, Exclusion **B. 2. d.** is hereby deleted.
(5) If the **CAUSES OF LOSS – BROAD FORM** applies, Exclusion **B. 2. c.** is hereby deleted.
(6) If the **CAUSES OF LOSS – SPECIAL FORM** applies, Exclusion **B. 2. d. (6)** is hereby deleted.

- b. We will not pay under this endorsement for loss, damage or expense caused by or resulting from:
 - (1) any defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or
 - (2) any of the following tests:
 - a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- c. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in ~~A.1.c.~~ **a. (3) in the definition of "accident"**); smoke; aircraft or "vehicles"; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
- d. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
- e. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident": Any mold, "fungus", mildew or yeast, including any spores or toxins produced by or emanating from such mold, "fungus", mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such mold, "fungus", mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that spoilage is covered under Spoilage coverage.
- f. We will not pay under this endorsement for any loss or damage to animals.

4. DEFINITIONS

~~The following definitions are added:~~

~~a. "Boilers and vessels" means:~~

- ~~(1) Any boiler, including attached steam, condensate and feedwater piping; and~~
- ~~(2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.~~

~~This term does not appear elsewhere in this endorsement, but may appear in a Schedule.~~

~~b. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.~~

~~c. "Covered equipment"~~

- ~~(1) "Covered equipment" means, unless otherwise specified in a Schedule, Covered Property:~~
 - ~~(a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or~~
 - ~~(b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.~~
- ~~(2) None of the following is "covered equipment":~~
 - ~~(a) structure, foundation, cabinet, compartment or air supported structure or building;~~

- ~~(b) insulating or refractory material;~~
- ~~(c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;~~
- ~~(d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;~~
- ~~(e) "vehicle" or any equipment mounted on a "vehicle";~~
- ~~(f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;~~
- ~~(g) dragline, excavation or construction equipment; or~~
- ~~(h) equipment manufactured by you for sale.~~
- ~~d. "Data" means information or instructions stored in digital code capable of being processed by machinery.~~
- ~~e. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.~~
- ~~f. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.~~
- ~~g. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."~~
- ~~h. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.~~
- ~~i. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston. This term does not appear elsewhere in this endorsement, but may appear in a Schedule.~~
- ~~j. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."~~

B. The Building and Personal Property Coverage Form **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** is modified as follows.
~~The definitions stated above also apply to section B. of this endorsement.~~

1. DEDUCTIBLE

The deductible in the **Commercial Property** Declarations applies unless a separate Equipment Breakdown deductible is shown in a **the Equipment Breakdown** Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.
 Only as regards Equipment Breakdown Coverage **EQUIPMENT BREAKDOWN COVERAGE**, provision D. DEDUCTIBLE is deleted and replaced with the following:

- a. Deductibles for Each Coverage
 - (1) Unless the **Equipment Breakdown** Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."

- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the **Equipment Breakdown** Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.
- b. Direct and Indirect Coverages
 - (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the **Equipment Breakdown** Schedule.
 - (2) Unless more specifically indicated in the **Equipment Breakdown** Schedule:
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.
- c. Application of Deductibles
 - (1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the **Equipment Breakdown** Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.
 - (2) Time Deductible

If a time deductible is shown in the **Equipment Breakdown** Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.
 - (3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the period of restoration.

The number indicated in the **Equipment Breakdown** Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.
 - (4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less

than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. **CONDITIONS**

The following conditions are in addition to the Conditions in the ~~Building and Personal Property Coverage Form~~ **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** and the Common Policy Conditions.

a. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

- (1) your last known address; or
- (2) the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

c. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

d. Coinsurance

If a coinsurance percentage is shown in a **the Equipment Breakdown** Schedule for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

e. **Loss Payment**

- (1) **In the event of loss or damage covered by this Coverage Form, at our option, we will either:**
 - (a) **Pay the value of lost or damaged property;**
 - (b) **Pay the cost of repairing or replacing the lost or damaged property, subject to 2. below;**
 - (c) **Take all or any part of the property at an agreed or appraised value; or**
 - (d) **Repair, rebuild or replace the property with other property of like kind and quality, subject to 2. below.**

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- (2) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (3) We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- (4) We will not pay you more than your financial interest in the Covered Property.
- (5) We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- (6) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- (7) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (a) We have reached agreement with you on the amount of loss; or
 - (b) An appraisal award has been made.

f. Overlapping Coverage

Unless indicated otherwise, the coverage provided by this endorsement supersedes any exclusions, limitations, or coverage provisions in the applicable **CAUSES OF LOSS** forms, **BUILDING AND PERSONAL PROPERTY COVERAGE FORM** or endorsements that would otherwise cover a loss covered under this **EQUIPMENT BREAKDOWN COVERAGE** endorsement.

4. C. DEFINITIONS

The following definitions are added:

- a.** "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:
 - (1) mechanical breakdown, including rupture or bursting caused by centrifugal forces;
 - (2) artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (3) explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (4) loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (5) loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- b.** "Boilers and vessels" means:
 - (1) Any boiler, including attached steam, condensate and feedwater piping; and
 - (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a **the Equipment Breakdown** Schedule.

- c. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.
- d. "Covered equipment"
 - (1) "Covered equipment" means, unless otherwise specified in a **the Equipment Breakdown** Schedule, Covered Property:
 - (a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
 - (2) None of the following is "covered equipment":
 - (a) structure, foundation, cabinet, compartment or air supported structure or building;
 - (b) insulating or refractory material;
 - (c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) "vehicle" or any equipment mounted on a "vehicle";
 - (f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) dragline, excavation or construction equipment; or
 - (h) equipment manufactured by you for sale.
- e. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- f. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- g. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- h. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
- i. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- j. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
This term does not appear elsewhere in this endorsement, but may appear in a **the Equipment Breakdown** Schedule.
- k. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to a car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.
However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the **Commercial Property** Declarations unless otherwise

shown in a **the Equipment Breakdown** Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.